

estimate for the second principal phase, i.e., the initiation phase.

5 The first principal step terminates in approval step 106. This step assesses the viability of the project mainly based on the analysis performed in the first principal step. Approval step 106 may employ a two-tier review process. In the first tier, appropriate authorizing agents perform a detailed audit of the deliverables to assess the technical viability of the project. Appropriate agents for this review may comprise one or more of: (a) IT subject matter experts; (b) business-related subject matter experts; (c) personnel which oversee the delivery of the IT solution (e.g., a “system deliver leader”); and (d) project management subject matter experts. In the second  
10 tier review, appropriate authorizing agents review the project for financial viability (e.g., to determine whether proper resources can be allocated to the project). More specifically, an organization may choose to set up multiple levels of financial review depending on the projected cost of the project. In one exemplary organizational setting, an appropriate business leader may act as the authorizing agent if the cost is  
15 under a prescribed threshold level, e.g., \$300,000. A CIO (Chief Information Officer) of the organization and other business personnel may act as the authorizing agents if the cost is above the prescribed threshold, e.g., \$300,000 or greater.

If the authorizing agents approve the project, the process proceeds to the next principal step. If the authorizing agents do not approve the project, then the  
20 responsible parties may revise or abandon the project.

#### B. Second Principal Step

The purpose of the second principal step (i.e., initiate project) is to develop a detailed plan for carrying out the project, generate a more detailed cost benefit analysis, define a more detailed budget for the project, and identify appropriate  
25 controls for project execution. A further purpose of the second principal step is to ensure that all appropriate areas of IT were given input into the project. A further purpose of the second principal step is to ensure that the project management group has agreed to appropriate approval procedures for remaining checkpoints (i.e., approval steps), and that the approval procedures have been documented and  
30 disseminated to the necessary entities in the organization. A further purpose of the second principal step is to ensure that proper planning has taken place for the project.

The party responsible for performing the second principal step may comprise an appropriate IT project manager, and/or business project manager. The second principal step may receive inputs (e.g., information) from one or more of the following individuals or groups: (1) strategy and planning entities (including information gleaned from the feasibility form and high-level cost-benefit analysis produced in the first principal step); (2) any appropriate area of IT (e.g., any appropriate subject matter IT experts); (3) any appropriate area of business (e.g., any appropriate business-related subject matter experts); (4) vendors; and (5) any benchmarking entities.

The first (1) substep involves completing a project charter. A project charter defines basic features of the project. More specifically, in one exemplary business setting, a project charter may: (a) identify the organization of the project (where “organization” here pertains to the assigned roles and responsibilities of the project, the deliverables generated by the project, and the estimated resources that the project will consume, e.g., in terms of work effort and time expenditure); (b) finalize the risk analysis, which may include documenting constraints and assumptions involved in the project (c) finalize the goals, objectives and scope of the project; (d) define the approach used by the project; (e) define the testing strategy of the project; (f) document requirements and major deliverables of the project; (g) document assumptions and constraints of the project; and (h) identify training requirements of the project.

The second (2) substep entails defining project controls used in executing the project. Project controls pertain to guidelines used to manage various aspects of the project. For instance, in one exemplary business setting, the project controls may pertain to management of one or more of: (a) project scope (e.g., defining how to respond to changes in the scope of the project, such as when new functionality is added to the system); (b) issues that may arise in the course of the project; (c) project progress; (d) risks posed by the project (e.g., defining how to identify and monitor risks posed by the project, and how to monitor the effectiveness of mitigation and contingency plans); (e) communication issues posed by the project (e.g., defining how to maintain effective communications with sponsors, team members, customers,

users, etc.); (f) costs (e.g., generally, budget-related issues) ; (g) problems that may arise; (h) error detection used in the project; (i) configuration issues presented by the project; (j) compliance issues raised by the project (e.g., issues raised with respect to the IT product's compliance with various technical and legal requirements) ; (k) contractual issues pertaining to the development of the project; and (l) the quality of deliverables. The project charter, discussed above, also preferably documents the project controls.

The third (3) substep entails providing a revised project schedule based on information obtained in the second principal step. The project schedule generated here is more detailed than the estimates made in the first principal step.

The fourth (4) substep entails creating a more detailed cost-benefit analysis and budget (compared to the first principal step). This substep may, in turn, entail: (a) determining resources and vendors for use in the project; (b) quantifying detailed costs and benefits for the project; and (c) outlining capitalization and cost allocation plans for the project.

The fifth (5) substep involves determining system acceptance criteria. System acceptance criteria define benchmark parameters used to determine whether the project is meeting its defined objectives.

The output of the second principal step includes one or more of the following deliverables: (1) the charter document; (2) a detailed cost-benefit analysis; (3) a project schedule; (4) risk analysis matrix (that identifies the risks of the project in a structured manner); (5) project controls documentation; (6) budget-related documentation (e.g., identifying the allocation and capitalization plan of the project); (7) system acceptance criteria; and (8) detailed requirements documentation.

The second principal step terminates in approval step 110. This step assesses the viability of the project mainly based on the analysis performed in the second principal step. This step may employ a two-tier review, like approval step 106. In the first tier, appropriate authorizing agents may perform a detailed audit of the quality of the deliverables. Appropriate authorized agents may include appropriate subject matter experts, supervisory project personnel (e.g., project management personnel), change management personnel (comprising supervisory individuals who ensure that